

Agenda Date: August 11, 2004

Item Number: **B1**

Docket: TG-041393

Company: Waste Management of Washington, Inc.
d/b/a Sno-King G-237

Staff: Penny Hansen, Regulatory Analyst
Nicki Johnson, Regulatory Analyst
Lori Kanz, Regulatory Analyst
Gene Eckhardt, Assistant Director of Transportation and Water

Recommendation:

Allow Waste Management of Washington, Inc., d/b/a Sno-King in Docket TG-041393 to start a pilot program that bundles organic waste and yard waste for collection to become effective by operation of law on September 1, 2004.

Background:

In May 2003, Waste Management, Inc., (Waste Management or Company) filed a Recycling and Commodity Revenue Sharing Plan for King County (Recycling Plan) under the provisions of RCW 81.77.185 (SHB 2308). A county representative certified that the Recycling Plan is consistent with the King County Comprehensive Solid Waste Management Plan. Staff's June 27, 2003, memorandum stated:

A pilot program for yard waste is also proposed. Waste Management will collaborate with King County and the Commission to plan and implement a program for yard waste that includes yard waste rates with variable-can rates similar to the garbage collection rate design. A universal base fee for organics to be paid by all single-family customers in the pilot area is also part of the proposal.

The Commission allowed the proposed tariff filings to go into effect and ordered Waste Management to file appropriate reports.

King County's 2001 Comprehensive Solid Waste Management Plan identifies the implementation and evaluation of pilot programs to expand food waste collection, both

residential and commercial, as a means to achieve its goal to promote environmentally sound management of organic materials. King County Ordinance 10.18.010 sets minimum levels of residential recycling collection for the unincorporated service area that prohibits combining yard waste with garbage. King County Ordinance 10.18.020 requires regulated solid waste companies to file appropriate rates with the Commission if an organics collection program is implemented.

SHB 2308 revised RCW 70.95.010 as follows:

10) It is the state's goal that programs be established to eliminate residential or commercial yard debris in landfills by 2012 in those areas where alternatives to disposal are readily available and effective.

Proposed Pilot Program:

The goal of the proposed pilot program is to divert organic waste and yard waste to the Cedar Grove Composting facility rather than adding compostable yard waste, food waste, and food-soiled paper waste to landfills. Participants will be able to recycle all food waste such as: fruit and vegetable scraps, meat and fish scraps and bones, all solid food leftovers, coffee grounds, filters and tea bags, used paper towels and napkins, food-soiled cardboard (without plastic or aluminum coatings) and pizza boxes and paper take-out containers. The proposed pilot program features are as follows:

- WM and King County selected a gated community with 540 customers to test the pilot program.
- Mandatory-pay with voluntary-participation, just like regular curbside recycling.
- One-year test period from September 6, 2004 through August 29, 2005.
- Current customers who subscribe to 96 or 64-gallon yard waste service will continue to pay the applicable tariff rates throughout the pilot program.
- Current customers who do not subscribe to yard waste service will receive a 35-gallon cart for yard waste and organics service.
 - Waste Management will bill King County \$5.20 per 35-gallon cart from 9/06/04 to 2/28/05 for all customers that currently do not subscribe to yard waste pickup, including those that refuse to take the 35 gallon container.
 - All customers with 35-gallon carts will pay the applicable tariff rate for the second six months of the pilot program.

- Waste Management will file the appropriate tariffs to charge 35-gallon customers starting March 1, 2005.
- Customers will receive a survey before the program starts and another survey at the end of the pilot.
- Waste Management will conduct two “waste characterization sorts” (one at the beginning and one at the end) to determine if there have been changes in the levels of organic waste collected from garbage cans for delivery to the landfill.
- Waste Management will provide customer participation data to King County and Staff on a weekly basis by email. The data will include number of customers for each cart size, number of customers setting their carts out each week, and the number of customers that had visible food waste or soiled paper included in their yard waste cart. Waste Management will also record weekly tonnage data for both garbage and organics collected by trucks serving the pilot area.

The proposed 35-gallon cart tariff rate expires February 28, 2005. Waste Management will file a rate, based on actual operating data, for the last six months of the pilot program. Starting March 1, 2005, all customers in the pilot area will be billed for the mandatory-pay, voluntary-participation pilot program.

Monthly Yard Waste Rates

<u>Service</u>	<u>Current</u>	<u>Proposed</u>
35-gallon cart	None	\$5.20
64-gallon cart	\$8.45	\$8.45
96-gallon cart	\$8.75	\$8.75

King County Solid Waste Division and Waste Management of Sno-King believe the pilot will provide the following data for future consideration:

- Participation levels that used the bundled service of organics and yard waste
- Number of households that did not use the organics collection
- Number of customers that requested to downsize their garbage
- Increases or decreases in garbage customer counts
- Number of households that subscribed to higher levels of yard waste service
- Financial impacts: will the program increase or decrease costs?

King County Solid Waste Division will write a final report on the effectiveness of the pilot program.

Discussion:

This is the first mandatory organics pilot program filed with the Commission. King County has tested the same organic waste program with the municipalities of Kirkland, Issaquah, Lake Forest Park, and Redmond since 2002. King County Staff reported that those pilots were successful.

Staff believes the proposed pilot program is consistent with King County's Solid Waste Management Plan, King County Ordinances, and Waste Management's Recycling and Commodity Revenue Sharing Plan previously filed with the Commission. We believe the proposed pilot program is consistent with the intent of RCW 81.77.185 (SHB 2308), designed to encourage haulers and counties to experiment and try new programs to increase recycling. We believe the proposed pilot program is also consistent with WAC 480-70-351(1), which states the Commission encourages solid waste collection companies to develop programs intended to increase recycling. The proposed program intends to change customer behavior by diverting organics from the landfill, when collected as garbage, to composting, when collected as separated organics. Using the organics service provides the customer with the potential to save money by reducing the level of garbage service. Because the service is either free or mandatory pay, the customer's bill will remain the same if the customer does not use the available organics service.

Although the only issue before the Commission today is the proposed tariff filing establishing the rate that King County will pay Waste Management for the first six months of organics service, a critical element of the proposed pilot program is the mandatory pay feature that would require all customers to pay for organics service for six months starting March 1, 2005. At that point, the Commission would examine the rate that Waste Management proposes to charge customers for this service. The pilot program itself, including the mandatory pay feature, would not be an issue, because the program is authorized by local government. Waste Management would file any proposed revision to the \$5.20 charge about January 15, 2005, and would notify customers at that time. The Commission would review the proposed rate and the Company's justification to determine whether the rate is fair, just, and reasonable.

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Conclusion

Staff recommends the Commission allow Waste Management of Washington, Inc., d/b/a Sno-King in docket TG-041393 to start a pilot program that bundles organic waste and yard waste for collection to become effective by operation of law on September 1, 2004.